BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE COMMISSION

IN RE: INVESTIGATION OF	)	
SOUTHWESTERN ELECTRIC POWER	)	DOCKET NO. U-23327
COMPANY; FUEL AUDIT CONDUCTED	)	SUBDOCKET B
PURSUANT TO MERGER ORDER U-23327	)	

DIRECT TESTIMONY

AND EXHIBITS

OF

LANE KOLLEN

ON BEHALF OF THE

LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.
ROWELL, GEORGIA

September 2004

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

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DIRECT TESTIMONY OF LANE KOLLEN

Qualifications and Summary

Q. Please state your name and business address.

A. My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

Q. What is your occupation and by whom are you employed?

A. I am a utility rate and planning consultant holding the position of Vice President and Principal with the firm of Kennedy and Associates.

Q. Please describe your education and professional experience.

A. I earned a Bachelor of Business Administration in Accounting degree from the University of Toledo. I also earned a Master of Business Administration degree from the University of Toledo. I am a Certified Public Accountant, with a practice license, and a Certified Management Accountant.

I have been an active participant in the utility industry for more than twenty-five years, both as an employee and as a consultant. Since 1986, I have been a consultant with Kennedy and Associates, providing services to state government agencies and consumers of utility services in the planning, ratemaking, financial, accounting, tax, and management areas. From 1983 to 1986, I was a consultant with Energy Management Associates, providing services to investor and consumer owned utility companies in the planning, financial, and ratemaking areas, including Middle South Utilities, the predecessor of Entergy Corp. From 1978 to 1983, I was employed by The Toledo Edison Company in a series of positions providing services in the accounting, tax, financial, and planning areas.

I have appeared as an expert witness on planning, ratemaking, accounting, finance, and tax issues before regulatory commissions and courts at the federal and state levels on more than one hundred occasions. I have developed and presented papers at various industry conferences on ratemaking, accounting, and tax issues. I previously testified before the Louisiana Public Service Commission ("Commission") in Docket No. U-23327, the proceeding in which the Commission conditionally approved the merger between Central and SouthWest Corporation ("CSW") and American Electric Power

Company, Inc. ("AEP"). My qualifications and regulatory appearances are further detailed in my Exhibit___(LK-1).

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the Louisiana Public Service Commission Staff.

Q. What is the purpose of your Direct Testimony?

A. The purpose of my testimony is to address Southwestern Electric Power Company's ("SWEPCO" or "Company") compliance with the fuel cost hold harmless condition of Order No. U-23327, SWEPCO's compliance with the off-system sales margin tiered sharing provisions of Order No. U-23327, SWEPCO's compliance with the hold harmless conditions of Order No. U-23029-C and Order No. U-23327-B necessary to protect retail ratepayers from FERC-mandated market mitigation measures, SWEPCO's compliance with the requirement of the Commission's General Order dated November 6, 1997 to exclude the capacity component of purchased power costs, and the effects of AEP's trading activities on SWEPCO's Louisiana retail fuel adjustment ("FAC") costs.

Q. Please summarize your Direct Testimony.

A. The Company has complied with the fuel cost hold harmless condition of Order No. U-23327. The Company has complied with the off-system sales margin tiered sharing

A. Since the merger was consummated in 2000, SWEPCO has made four compliance filings, the first one for the partial year 2000, and one for each of the calendar years 2001 through 2003. In each of the four filings, SWEPCO provided the required information and quantified the Company's share of savings realized through power interchange transactions between the West Zone and the East Zone[1] and other transactions that would not have been available but for the merger.

The actual savings quantified by SWEPCO in its compliance filings exceed the savings projected by the Applicants in the Commission and FERC merger proceedings. The actual savings quantified in these filings reflect the Company's share of margins on internal sales to the East Zone, internal purchases from the East Zone that displaced higher fuel and purchase power costs in the West Zone, margins on off-system sales made by AEP on behalf of SWEPCO and the other AEP Operating Companies, and margins resulting from other AEP trading and marketing activities.

In addition, the annual filings state that SWEPCO has not changed its fuel accounting and that the West Zone resources were dispatched on a combined basis in the same manner as the CSW resources were dispatched prior to the merger. Based on the information contained in these filings, the merger did not affect the former CSW Operating Companies' combined dispatch and did not cause recoverable FAC fuel costs

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[1] The East Zone refers to the AEP Operating Companies prior to the merger with CSW. The West Zone refers to the former CSW Operating Companies.

to increase, nor did the transactions with the East Zone cause recoverable FAC costs to increase.

The annual compliance filings also demonstrate that SWEPCO's fuel costs did not increase due to the FERC-mandated market mitigation measures. I separately address this issue and SWEPCO's compliance with this hold harmless condition.

Compliance with Off-System Sales Margin Tiered Sharing Provisions of Order No. U-23327

Q. Please describe the off-system sales margin tiered sharing provisions of Order No. U-23327.

A. The Commission incorporated an off-system sales margin tiered sharing provision in the merger Order "[t]o provide the Applicants with an incentive to pursue off-system sales (when profitable), while at the same time ensuring that Louisiana ratepayers continue to benefit from such sales" (Order at 12). Pursuant to this tiered sharing provision, SWEPCO was allowed to retain a percentage of the margins earned on off-system sales in excess of 130% of a base year level.

The tiered sharing formula requires that the entirety of the off-system sales margins up to $0.874 million be used to reduce the recoverable FAC fuel costs. SWEPCO is not allowed to retain any portion of these first tier margins. The formula requires that 85% of the off-system sales margins in excess of $0.874 million, up to $1.314 million, be used to reduce the recoverable FAC fuel costs. SWEPCO is allowed to retain 15% of these second tier margins. The formula requires that 50% of the margins in excess of $1.314 million be used to reduce the recoverable FAC fuel costs. SWEPCO is allowed to retain the remaining 50% of these third tier margins.

Q. Have you reviewed the Company's computations pursuant to the tiered sharing provision in the merger Order?

A. Yes. The Company has properly computed the off-system sales margins used to reduce the recoverable FAC fuel costs and its retained portion in accordance with the requirements of the merger Order. The results of these computations are reflected by the Company on Exhibit I to its monthly FAC filings. Although the underlying computations were not included with either the Company's monthly FAC filings or the annual compliance filings, the Company provided these computations along with explanations in response to discovery. The underlying computations incorporated numerous adjustments to the quantifications included in previous monthly FAC filings, making it difficult to trace the computations in any given month even with the benefit of the Company's detailed workpapers. Mr. Baudino addresses these reporting and documentation problems and makes recommendations that will improve the process and the ability to review and audit the Company's costs. I concur with Mr. Baudino's recommendations.

The Company also included the AEP East trading and marketing margins in the tiered sharing quantifications. Such margins normally would be used in their entirety to reduce recoverable FAC fuel costs, similar to other off-system sales margins. The Commission merger Order did not specifically address the treatment of AEP trading and marketing margins allocated to SWEPCO. Nevertheless, the Company's incorporation of these margins in the tiered sharing computations is reasonable and consistent with the stated intent of the Commission to provide AEP an incentive to engage in trading and marketing opportunities when profitable in order to reduce the recoverable FAC fuel costs.

<u>**Compliance with FERC-Mandated Market Mitigation Measures Hold Harmless Conditions in Order No. U-23327**</u>

Q. Please describe the hold harmless conditions associated with the FERC-mandated market mitigation measures.

A. The Commission's merger Order No. U-23327 required that Louisiana retail ratepayers be held harmless from any increased fuel and purchased power costs due to the FERC-mandated market mitigation measures (Order No. U-23327 at 16 and Appendix A: Stipulation and Settlement, Sections 6 and 9). The FERC-mandated mitigation measures were designed to allay market power concerns due to the merger. In addition, the Commission established an annual compliance reporting requirement in conjunction with the other fuel cost hold harmless conditions previously discussed. The annual compliance reports were required to include the following information:

c. **A detailed explanation with supporting calculations showing how the Applicants incorporated the two hold-harmless conditions relating to any mitigation sale. The hold-harmless conditions include (1) the effect of any call-back provision; and (2) the effect on fuel and purchased power costs from any change in system dispatch from the operation of the mitigation sale.**

The Commission reiterated this hold-harmless condition in its Order No. U-23029-B and Order No. U-23327-A, stating:

American Electric Power Company ("AEP"), Central and Southwest Corporation ("CSW") and Southwestern Electric Power Company ("SWEPCO") agree to hold present and future Louisiana jurisdictional ratepayers harmless from any net cost increases that may be incurred as a result of the implementation of the FERC-approved mitigation plan in connection with the AEP/CSW merger. This hold harmless commitment is intended to be comprehensive and is designed to hold Louisiana ratepayers harmless from any mitigation-related adverse [e]ffects, whether direct or indirect. Particularly, SWEPCO and its Louisiana customers shall be held harmless from any averse consequences resulting from the "interim" system sale of 300 MW of capacity and the divestiture of 300 MW of generation out of the Public Service Company of Oklahoma Northeastern Generating Unit, or any other CSW generating unit. However, under no circumstances shall the permanent generation divestiture be from a SWEPCO generating unit, regardless of the jurisdiction in which the unit is located. In the event of an appeal from a final FERC order that requires additional mitigation (or if AEP/CSW/SWEPCO voluntarily engage in further mitigation), Louisiana ratepayers shall similarly be held harmless from any direct or indirect adverse consequences of such additional mitigation.

In Order No. U-23029-C and Order No. U-23327-B, the Commission established the specific hold harmless methodology necessary to protect retail ratepayers from the increased fuel costs caused by the FERC-mandated mitigation measures. I have attached a copy of this Order as my Exhibit___(LK-2) for ease of reference to the specific hold harmless methodology. In its annual compliance filings, SWEPCO correctly summarized the hold harmless methodology from that Order as follows:

Generally, this methodology requires an "after the fact" calculation to reconstruct the dispatch and determine margins from the mitigation sale. The cost reconstruction calculates mitigation sale marginal costs on an hourly basis, and compares this hourly cost to the energy sales revenue from the market mitigation sale ($14/MWH). The energy sales revenue from the transaction is relatively low so that the mitigation sale is a market-competitive resource for all hours. Purchasers of the mitigation sale also pay a capacity charge for the right to receive the mitigation sale output. Hourly incremental costs are deducted from hourly energy sales revenues to determine hourly margins, which are added to the hourly capacity revenues to determine the net benefit from the mitigation sale transaction ... Capacity revenues in excess of margins are deferred monthly and accumulated on an annual basis. If the accumulated net mitigation margins are positive, the margins will be treated in the same manner as any off-system sales margin and flowed back to customers. If the accumulated net mitigation margins are negative, a credit will be applied to eligible fuel expenses so that customers are protected.

Q. Was the mitigation sale in effect for the entire post-merger period subject to review in this proceeding?

A. Yes. The interim sale remained in place through September 2003, when AEP sold its unregulated Eastex Cogeneration Project. This sale satisfied the FERC merger mitigation sale requirement and released the 300 mW of PSO Northeastern Generating Unit capacity used for the interim mitigation sale for use again by the Western Zone as a low-cost and dispatchable resource.

Q. Have you reviewed the Company's annual filings related to the mitigation sale and the hold harmless quantifications?

A. Yes. SWEPCO properly excluded the capacity component of purchased power costs from recoverable FAC costs. The exclusions are detailed on Exhibits G and H of the monthly FAC filings.

<u>AEP Trading Activities and Effect on FAC Recoverable Costs</u>

Q. Please describe how AEP's trading activities were reflected in the Company's monthly FAC filings.

A. The margins on AEP regulated trading activities allocated to the Company were reflected on Exhibit I of the monthly FAC filings. Ratepayers received a reduction in recoverable FAC costs due to the AEP regulated trading activities. As noted previously, the Company has included the AEP trading margins in the off-system sales tiered sharing formula.

Q. Are the AEP trading margins reflected in the FAC reduced by the AEP trading organization costs?

A. No. The Company has properly excluded its allocation of the AEP trading organization costs from recoverable FAC costs. The AEP trading organization costs are not recoverable through the FAC.

Q. Are there currently pending various federal investigations into AEP's trading activities that may have an effect on the AEP trading margins included in the FAC?

A. Yes. There currently are pending investigations in AEP's trading activities by the FERC, the Securities and Exchange Commission, and the Commodities Futures Trading Commission. A lawsuit by the CFTC alleging hundreds of millions of dollars of damages to the public is pending.

Q. Have you been able to determine the effects on the Company's FAC recoverable costs that may have resulted from alleged impropriety in AEP's trading activities that are the subject of the various federal investigations?

A. No. The Commission should reserve the right to address further the costs included by the Company in its FAC filings during the audit period to incorporate the final results of the pending federal investigations and litigation.

Q. Does this complete your testimony?

A. Yes.

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EXHIBITS

OF

LANE KOLLEN

ON BEHALF OF THE

LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

September 2004

EXHIBIT ____ (LK-1)

RESUME OF LANE KOLLEN, VICE PRESIDENT

EDUCATION

University of Toledo, BBA
Accounting

University of Toledo, MBA

PROFESSIONAL CERTIFICATIONS

Certified Public Accountant (CPA)

Certified Management Accountant (CMA)

PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

Institute of Management Accountants

More than twenty-five years of utility industry experience in the financial, rate, tax, and planning areas. Specialization in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisition diversification. Expertise in proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.

RESUME OF LANE KOLLEN, VICE PRESIDENT

EXPERIENCE

1986 to Present: J. Kennedy and Associates, Inc.: Vice President and Principal. Responsible for utility stranded cost analysis, revenue requirements analysis, cash flow projections and solvency, financial and cash effects of traditional and nontraditional ratemaking, and research, speaking and writing on the effects of tax law changes. Testimony before Connecticut, Florida, Georgia, Indiana, Louisiana, Kentucky, Maine, Minnesota, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, and West Virginia state regulatory commissions and the Federal Energy Regulatory Commission.

1983 to 1986: Energy Management Associates: Lead Consultant.
Consulting in the areas of strategic and financial planning, traditional and nontraditional ratemaking, rate case support and testimony, diversification and generation expansion planning. Directed consulting and software development projects utilizing PROSCREEN II and ACUMEN proprietary software products. Utilized ACUMEN detailed corporate simulation system, PROSCREEN II strategic planning system and other custom developed software to support utility rate case filings including test year revenue requirements, rate base, operating income and pro-forma adjustments. Also utilized these software products for revenue simulation, budget preparation and cost-of-service analyses.

1976 to 1983: The Toledo Edison Company: Planning Supervisor.
Responsible for financial planning activities including generation expansion planning, capital and expense budgeting, evaluation of tax law changes, rate case strategy and support and computerized financial modeling using proprietary and nonproprietary software products. Directed the modeling and evaluation of planning alternatives including:

Rate phase-ins.
Construction project cancellations and write-offs.
Construction project delays.
Capacity swaps.
Financing alternatives.
Competitive pricing for off-system sales.
Sale/leasebacks.

RESUME OF LANE KOLLEN, VICE PRESIDENT

CLIENTS SERVED

Industrial Companies and Groups

Air Products and Chemicals, Inc.
Airco Industrial Gases
Alcan Aluminum
Armco Advanced Materials Co.
Armco Steel
Bethlehem Steel
Connecticut Industrial Energy Consumers
ELCON
Enron Gas Pipeline Company
Florida Industrial Power Users Group
General Electric Company
GPU Industrial Intervenors
Indiana Industrial Group
Industrial Consumers for
  Fair Utility Rates - Indiana
Industrial Energy Consumers - Ohio
Kentucky Industrial Utility Customers, Inc.
Kimberly-Clark Company
Lehigh Valley Power Committee
Maryland Industrial Group
Multiple Intervenors (New York)
National Southwire
North Carolina Industrial
  Energy Consumers
Occidental Chemical Corporation
Ohio Energy Group
Ohio Industrial Energy Consumers
Ohio Manufacturers Association
Philadelphia Area Industrial Energy
  Users Group
PSI Industrial Group
Smith Cogeneration
Taconite Intervenors (Minnesota)
West Penn Power Industrial Intervenors
West Virginia Energy Users Group
Westvaco Corporation

Regulatory Commissions and Government Agencies

Georgia Public Service Commission Staff
Kentucky Attorney General's Office, Division of Consumer Protection
Louisiana Public Service Commission Staff
Maine Office of Public Advocate
New York State Energy Office
Office of Public Utility Counsel (Texas)

Utilities

Allegheny Power System
Atlantic City Electric Company
Carolina Power & Light Company
Cleveland Electric Illuminating Company
Delmarva Power & Light Company
Duquesne Light Company
General Public Utilities
Georgia Power Company
Middle South Services
Nevada Power Company
Niagara Mohawk Power Corporation
Otter Tail Power Company
Pacific Gas & Electric Company
Public Service Electric & Gas
Public Service of Oklahoma
Rochester Gas and Electric
Savannah Electric & Power Company
Seminole Electric Cooperative
Southern California Edison
Talquin Electric Cooperative
Tampa Electric
Texas Utilities
Toledo Edison Company

Expert Testimony Appearances
of
Lane Kollen
As of September 2004

Date	Case	Jurisdict.	Party	Utility	Subject
10/86	U-17282 Interim	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency
11/86	U-17282 Interim Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
12/86	9613	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Revenue requirements accounting adjustments financial workout plan.
1/87	U-17282 Interim	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements, financial solvency.
3/87	General Order 236	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Tax Reform Act of 1986.
4/87	U-17282 Prudence	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
4/87	M-100 Sub 113	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Tax Reform Act of 1986.
5/87	86-524-E-	WV	West Virginia Energy Users' Group	Monongahela Power Co	Revenue requirements. Tax Reform Act of 1986.
5/87	U-17282 Case In Chief	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Case In Chief Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Prudence Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.

Expert Testimony Appearances
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Date	Case	Jurisdict.	Party	Utility	Subject
7/87	86-524 E-SC Rebuttal	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
8/87	9885	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Financial workout plan.
8/87	E-015/GR-87-223	MN	Taconite Intervenors	Minnesota Power & Light Co.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
10/87	870220-EI	FL	Occidental Chemical Corp	Florida Power Corp.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
11/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Tax Reform Act of 1986.
1/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, rate of return.
2/88	9934	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Economics of Trimble County completion.
2/88	10064	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, O&M expense, capital structure, excess deferred income taxes.
5/88	10217	KY	Alcan Aluminum National Southwire	Big Rivers Electric	Financial workout plan. Corp.
5/88	M-87017 -1C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery.
5/88	M-87017 -2C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery.
6/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1 economic analyses, cancellation studies, financial modeling.

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Date	Case	Jurisdict.	Party	Utility	Subject
7/88	M-87017- -1C001 Rebuttal	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery, SFAS No. 92
7/88	M-87017- -2C005 Rebuttal	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery, SFAS No. 92
9/88	88-05-25	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Excess deferred taxes, O&M expenses.
9/88	10064 Rehearing	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Premature retirements, interest expense.
10/88	88-170- EL-AIR	OH	Ohio Industrial Energy Consumers	Cleveland Electric Illuminating Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	88-171- EL-AIR	OH	Ohio Industrial Energy Consumers	Toledo Edison Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial Considerations, working capital.
10/88	8800 355-EI	FL	Florida Industrial Power Users' Group	Florida Power & Light Co	Tax Reform Act of 1986, tax expenses, O&M expenses, pension expense (SFAS No. 87).
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Pension expense (SFAS No. 87).
11/88	U-17282 Remand	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Rate base exclusion plan (SFAS No. 71)
12/88	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87).
12/88	U-17949 Rebuttal	LA	Louisiana Public Service Commission Staff	South Central Bell	Compensated absences (SFAS No. 43), pension expense (SFAS No. 87), Part 32, income tax normalization.

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Date	Case	Jurisdict.	Party	Utility	Subject
2/89	U-17282 Phase II	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, phase-in of River Bend 1, recovery of canceled plant.
6/89	881602-EU 890326-EU	FL	Talquin Electric Cooperative	Talquin/City of Tallahassee	Economic analyses, incremental cost-of-service, average customer rates.
7/89	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87), compensated absences (SFAS No. 43), Part 32.
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cancellation cost recovery, tax expense, revenue requirements.
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Promotional practices, advertising, economic development.
9/89	U-17282 Phase II Detailed	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
10/89	8880	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Deferred accounting treatment, sale/leaseback.
10/89	8928	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Revenue requirements, imputed capital structure, cash working capital.
10/89	R-891364	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements.
11/89 12/89	R-891364 Surrebuttal (2 Filings)	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements, sale/leaseback.
1/90	U-17282 Phase II Detailed Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements , detailed investigation.

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Date	Case	Jurisdict.	Party	Utility	Subject
1/90	U-17282 Phase III	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in of River Bend 1, deregulated asset plan.
3/90	890319-EI	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	890319-EI Rebuttal	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Fuel clause, gain on sale of utility assets.
9/90	90-158	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, post-test year additions, forecasted test year.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements.
3/91	29327, et. al.	NY	Multiple Intervenors	Niagara Mohawk Power Corp.	Incentive regulation.
5/91	9945	TX	Office of Public Utility Counsel of Texas	El Paso Electric Co.	Financial modeling, economic analyses, prudence of Palo Verde 3.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Recovery of CAAA costs, least cost financing.
9/91	91-231 -E-NC	WV	West Virginia Energy Users Group	Monongahela Power Co.	Recovery of CAAA costs, least cost financing.
11/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Asset impairment, deregulated asset plan, revenue requirements.

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12/91	91-410-EL-AIR	OH	Air Products and Chemicals, Inc., Armco Steel Co., General Electric Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
12/91	10200	TX	Office of Public Utility Counsel of Texas	Texas-New Mexico Power Co.	Financial integrity, strategic planning, declined business affiliations.
5/92	910890-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, pension expense, OPEB expense, fossil dismantling, nuclear decommissioning.
8/92	R-00922314	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
9/92	92-043	KY	Kentucky Industrial Utility Consumers	Generic Proceeding	OPEB expense.
9/92	920324-EI	FL	Florida Industrial Power Users' Group	Tampa Electric Co.	OPEB expense.
9/92	39348	IN	Indiana Industrial Group	Generic Proceeding	OPEB expense.
9/92	910840-PU	FL	Florida Industrial Power Users' Group	Generic Proceeding	OPEB expense.
9/92	39314	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	OPEB expense.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.
11/92	8649	MD	Westvaco Corp., Eastalco Aluminum Co.	Potomac Edison Co.	OPEB expense.
11/92	92-1715-AU-COI	OH	Ohio Manufacturers Association	Generic Proceeding	OPEB expense.

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Date	Case	Jurisdict.	Party	Utility	Subject
12/92	R-00922378	PA	Armco Advanced Materials Co., The WPP Industrial Intervenors	West Penn Power Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
12/92	U-19949	LA	Louisiana Public Service Commission Staff	South Central Bell	Affiliate transactions, cost allocations, merger.
12/92	R-00922479	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	OPEB expense.
1/93	8487	MD	Maryland Industrial Group	Baltimore Gas & Electric Co., Bethlehem Steel Corp.	OPEB expense, deferred fuel, CWIP in rate base
1/93	39498	IN	PSI Industrial Group	PSI Energy, Inc.	Refunds due to over-collection of taxes on Marble Hill cancellation.
3/93	92-11-11	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	OPEB expense.
3/93	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy	Merger. Corp.
3/93	93-01 EL-EFC	OH	Ohio Industrial Energy Consumers	Ohio Power Co.	Affiliate transactions, fuel.
3/93	EC92-21000 ER92-806-000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy	Merger. Corp.
4/93	92-1464-EL-AIR	OH	Air Products Armco Steel Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
4/93	EC92-21000 ER92-806-000 (Rebuttal)	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy	Merger. Corp.

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Date	Case	Jurisdict.	Party	Utility	Subject
9/93	93-113	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Fuel clause and coal contract refund
9/93	92-490, 92-490A, 90-360-C	KY	Kentucky Industrial Utility Customers and Kentucky Attorney General	Big Rivers Electric Corp.	Disallowances and restitution for excessive fuel costs, illegal and improper payments, recovery of mine closure costs.
10/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Revenue requirements, debt restructuring agreement, River Bend cost recovery.
1/94	U-20647	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
4/94	U-20647 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Nuclear and fossil unit performance, fuel costs, fuel clause principles and guidelines.
5/94	U-20178	LA	Louisiana Public Service Commission Staff	Louisiana Power & Light Co.	Planning and quantification issues of least cost integrated resource plan.
9/94	U-19904 Initial Post-Merger Earnings Review	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
9/94	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policies, exclusion of River Bend, other revenue requirement issues.
10/94	3905-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Incentive rate plan, earnings review.
10/94	5258-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Alternative regulation, cost allocation.

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Date	Case	Jurisdict.	Party	Utility	Subject
11/94	U-19904 Initial Post-Merger Earnings Review (Rebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
11/94	U-17735 (Rebuttal)	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Revenue requirements. Fossil dismantling, nuclear decommissioning.
6/95	3905-U	GA	Georgia Public Service Commission	Southern Bell Telephone Co.	Incentive regulation, affiliate transactions, revenue requirements, rate refund.
6/95	U-19904 (Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment
10/95	95-02614	TN	Tennessee Office of the Attorney General Consumer Advocate	BellSouth Telecommunications, Inc.	Affiliate transactions.
10/95	U-21485 (Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
11/95	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission	Gulf States Utilities Co. Division	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
11/95 12/95	U-21485 (Supplemental Direct) U-21485 (Surrebuttal)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.

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Date	Case	Jurisdict.	Party	Utility	Subject
1/96	95-299-EL-AIR 95-300-EL-AIR	OH	Industrial Energy Consumers	The Toledo Edison Co. The Cleveland Electric Illuminating Co.	Competition, asset writeoffs and revaluation, O&M expense, other revenue requirement issues.
2/96	PUC No 14967	TX	Office of Public Utility Counsel	Central Power & Light	Nuclear decommissioning.
5/96	95-485-LCS	NM	City of Las Cruces	El Paso Electric Co.	Stranded cost recovery, municipalization.
7/96	8725	MD	The Maryland Industrial Group and Redland Genstar, Inc.	Baltimore Gas & Electric Co., Potomac Electric Power Co. and Constellation Energy Corp.	Merger savings, tracking mechanism, earnings sharing plan, revenue requirement issues.
9/96 11/96	U-22092 U-22092 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs.
10/96	96-327	KY	Kentucky Industrial Utility Customers, Inc	Big Rivers Electric Corp.	Environmental surcharge recoverable costs.
2/97	R-00973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Stranded cost recovery, regulatory assets and liabilities, intangible transition charge, revenue requirements.
3/97	96-489	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental surcharge recoverable costs, system agreements, allowance inventory, jurisdictional allocation.
6/97	TO-97-397	MO	MCI Telecommunications Corp., Inc., MCImetro Access Transmission Services, Inc.	Southwestern Bell Telephone Co.	Price cap regulation, revenue requirements, rate of return.

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Date	Case	Jurisdict.	Party	Utility	Subject
6/97	R-00973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	R-00973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Depreciation rates and methodologies, River Bend phase-in plan.
8/97	97-300	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. and Kentucky Utilities Co.	Merger policy, cost savings, surcredit sharing mechanism, revenue requirements, rate of return.
8/97	R-00973954 (Surrebuttal)	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness
10/97	R-974008	PA	Metropolitan Edison Industrial Users Group	Metropolitan Edison Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
10/97	R-974009	PA	Penelec Industrial Customer Alliance	Pennsylvania Electric Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
11/97	97-204 (Rebuttal)	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness of rates, cost allocation.

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Date	Case	Jurisdict.	Party	Utility	Subject
11/97	U-22491	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc	Allocation of regulated and nonregulated costs, other revenue requirement issues.
11/97	R-00973953 (Surrebuttal)	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
11/97	R-973981	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements, securitization.
11/97	R-974104	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
12/97	R-973981 (Surrebuttal)	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements.
12/97	R-974104 (Surrebuttal)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
1/98	U-22491 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
2/98	8774	MD	Westvaco	Potomac Edison Co.	Merger of Duquesne, AE, customer safeguards, savings sharing.

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Date	Case	Jurisdict.	Party	Utility	Subject
3/98	U-22092 (Allocated Stranded Cost Issues)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	8390-U	GA	Georgia Natural Gas Group, Georgia Textile Manufacturers Assoc.	Atlanta Gas Light Co	Restructuring, unbundling, stranded costs, incentive regulation, revenue requirements.
3/98	U-22092 (Allocated Stranded Cost Issues) (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
10/98	97-596	ME	Maine Office of the Public Advocate	Bangor Hydro-Electric Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
10/98	9355-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Affiliate transactions.
10/98	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, other revenue requirement issues.
11/98	U-23327	LA	Louisiana Public Service Commission Staff	SWEPCO, CSW and AEP	Merger policy, savings sharing mechanism, affiliate transaction conditions.
12/98	U-23358 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
12/98	98-577	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
1/99	98-10-07	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, investment tax credits, accumulated deferred income taxes, excess deferred income taxes.

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Date	Case	Jurisdict.	Party	Utility	Subject
3/99	U-23358 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
3/99	98-474	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co.	Revenue requirements, alternative forms of regulation.
3/99	98-426	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements, alternative forms of regulation.
3/99	99-082	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co.	Revenue requirements.
3/99	99-083	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements.
4/99	U-23358 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
4/99	99-03-04	CT	Connecticut Industrial Energy Consumers mechanisms.	United Illuminating Co.	Regulatory assets and liabilities, stranded costs, recovery
4/99	99-02-05	CT	Connecticut Industrial Utility Customers mechanisms.	Connecticut Light and Power Co.	Regulatory assets and liabilities stranded costs, recovery
5/99	98-426 99-082 (Additional Direct)	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co.	Revenue requirements.
5/99	98-474 99-083 (Additional Direct)	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements.
5/99	98-426 98-474 (Response to Amended Applications)	KY	Kentucky Industrial Utility Customers Kentucky Utilities Co.	Louisville Gas and Electric Co. and	Alternative regulation.

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Date	Case	Jurisdict.	Party	Utility	Subject
6/99	97-596	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Request for accounting order regarding electric industry restructuring costs.
6/99	U-23358	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc	Affiliate transactions, cost allocations.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, regulatory assets, tax effects of asset divestiture.
7/99	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co., Central and South West Corp, and American Electric Power Co	Merger Settlement Stipulation.
7/99	97-596 (Surrebuttal)	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co	Restructuring, unbundling, stranded cost, T&D revenue requirements.
7/99	98-0452-E-GI	WVa	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
8/99	98-577 (Surrebuttal)	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
8/99	98-426 99-082 (Rebuttal)	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements.
8/99	98-474 98-083 (Rebuttal)	KY	Kentucky Industrial Utility Customers Kentucky Utilities Co.	Louisville Gas and Electric Co. and	Alternative forms of regulation.
8/99	98-0452-E-GI (Rebuttal)	WVa	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.

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Date	Case	Jurisdict.	Party	Utility	Subject
10/99	U-24182 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
11/99	21527	TX	Dallas-Ft.Worth Hospital Council and Coalition of Independent Colleges and Universities	TXU Electric	Restructuring, stranded costs, taxes, securitization.
11/99	U-23358 Surrebuttal Affiliate Transactions Review	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Service company affiliate transaction costs.
04/00	99-1212-EL-ETP 99-1213-EL-ATA 99-1214-EL-AAM	OH	Greater Cleveland Growth Association	First Energy (Cleveland Electric Illuminating, Toledo Edison)	Historical review, stranded costs, regulatory assets, liabilities.
01/00	U-24182 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
05/00	2000-107	KY	Kentucky Industrial Utility Customers	Kentucky Power Co.	ECR surcharge roll-in to base rates.
05/00	U-24182 (Supplemental Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate expense proforma adjustments.
05/00	A-110550F0147	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy	Merger between PECO and Unicom.
07/00	22344	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	Statewide Generic Proceeding	Escalation of O&M expenses for unbundled T&D revenue requirements in projected test year.
05.00	99-1658-EL-ETP	OH	AK Steel Corp.	Cincinnati Gas & Electric Co.	

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Date	Case	Jurisdict.	Party	Utility	Subject
07/00	U-21453	LA	Louisiana Public Service Commission	SWEPCO	Stranded costs, regulatory assets and liabilities.
08/00	U-24064	LA	Louisiana Public Service Commission Staff	CLECO	Affiliate transaction pricing ratemaking principles, subsidization of nonregulated affiliates, ratemaking adjustments.
10/00	PUC 22350 SOAH 473-00-1015	TX	The Dallas-Ft. Worth Hospital Council and The Coalition of Independent Colleges And Universities	TXU Electric Co.	Restructuring, T&D revenue requirements, mitigation, regulatory assets and liabilities.
10/00	R-00974104 (Affidavit)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, capital costs, switchback costs, and excess pension funding.
11/00	P-00001837 R-00974008 P-00001838 R-00974009		Metropolitan Edison Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, regulatory assets and liabilities, transaction costs.
12/00	U-21453, U-20925, U-22092 (Subdocket C) (Surrebuttal)	LA	Louisiana Public Service Commission Staff f	SWEPCO	Stranded costs, regulatory assets.
01/01	U-24993 (Direct)		Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
01/01	U-21453, U-20925 and U-22092 (Subdocket B) (Surrebuttal)		Louisiana Public Service Commission Staff	Entergy Gulf States, Inc,.	Industry restructuring, business separation plan, organization structure, hold harmless conditions, financing.
01/01	Case No. 2000-386	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Recovery of environmental costs, surcharge mechanism.
01/01	Case No. 2000-439	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Recovery of environmental costs, surcharge mechanism.

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Date	Case	Jurisdict.	Party	Utility	Subject
02/01	A-110300F0095 A-110400F0040	PA	Met-Ed Industrial Users Group Penelec Industrial Customer Alliance	GPU, Inc. FirstEnergy	Merger, savings, reliability.
03/01	P-00001860 P-00001861	PA	Met-Ed Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co. and Pennsylvania Electric Co.	Recovery of costs due to provider of last resort obligation.
04 /01	U-21453, U-20925, U-22092 (Subdocket B) Settlement Term Sheet	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on overall plan structure
04 /01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
05 /01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues Transmission and Distribution (Rebuttal)	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, Separations methodology.
07/01	U-21453, U-20925, U-22092 (Subdocket B) Transmission and Distribution Term Sheet	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc	Business separation plan: settlement agreement on T&D issues, agreements necessary to implement T&D separations, hold harmless conditions, separations methodology.
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Revenue Review requirements, Rate Plan, fuel clause recovery.
11/01 (Direct)	14311-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.

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Date	Case	Jurisdict.	Party	Utility	Subject
11/01 (Direct)	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, capital structure, allocation of regulated and nonregulated costs, River Bend uprate.
02/02	25230	TX	Dallas Ft.-Worth Hospital Council & the Coalition of Independent Colleges & Universities	TXU Electric	Stipulation. Regulatory assets, securitization financing.
02/02 (Surrebuttal)	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
03/02 (Rebuttal)	14311-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, earnings sharing plan, service quality standards.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Revenue requirements. Nuclear llife extension, storm damage accruals and reserve, capital structure, O&M expense.
04/02 (Supplemental Surrebuttal)	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
04/02	U-21453, U-20925 and U-22092 (Subdocket C)		Louisiana Public Service Commission Staff	SWEPCO	Business separation plan, T&D Term Sheet, separations methodologies, hold harmless conditions.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission Statt	Entergy Services, Inc. and The Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
08/02	U-25888	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc. and Entergy Louisiana, Inc.	System Agreement, production cost disparities, prudence.
09/02	2002-00224 2002-00225	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Line losses and fuel clause recovery associated with off-system sales.
11/02	2002-00146 2002-00147	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Environmental compliance costs and surcharge recovery.
01/03	2002-00169	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Power Co.	Environmental compliance costs and surcharge recovery.

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Date	Case	Jurisdict.	Party	Utility	Subject
04/03	U-26527	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, Capital structure, post test year Adjustments.
04/04	2002-00429 2002-00430	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Extension of merger surcredit, flaws in Companies' studies.
04/03	U-26527	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, Capital structure, post test year Adjustments.
06/03	EL01-88-000 Rebuttal	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
06/03	2003-00068	KU	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Environmental cost recovery, correction of base rate error.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Unit power purchases and sale cost-based tariff pursuant to System Agreement.
11/03	ER03-583-000, ER03-583-001, and ER03-583-002 ER03-681-000, ER03-681-001 ER03-682-000, ER03-682-001, and ER03-682-002 ER03-744-000, ER03-744-001 (Consolidated	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Market-Ing, L.P, and Entergy Power, Inc.	Unit power purchase and sale agreements, contractual provisions, projected costs, levelized rates, and formula rates.
12/03	U-26527 Surrebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, Capital structure, post test year Adjustments.

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Date	Case	Jurisdict.	Party	Utility	Subject
12/03	2003-0334 2003-0335	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Earnings Sharing Mechanism.
12/03	U-27136	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc.	Purchased power contracts between affiliates, terms and conditions.
03/04	U-26527 Supplemental Surrebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post test year Adjustments.
03/04	2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & . Electric Co.	Revenue requirements, depreciation rates, Earnings Sharing Mechanism, and System Sales Clause.
03/04	2003-00433	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, depreciation rates, Earnings Sharing Mechanism, and System Sales Clause.
03/04	2003-00433	KU	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	2003-00434	KU	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	SOAH Docket 473-04-2459, PUC Docket 29206	TX	Cities Served by Texas-New Mexico Power Co.	Texas-New Mexico Power Co.	Stranded costs true-up, including including valuation issues, ITC, ADIT, excess earnings.
05/04	04-169-EL-	OH	Ohio Energy Group, Inc.	Columbus Southern Power Co. & Ohio Power Co.	Rate stabilization plan, deferrals, T&D rate increases, earnings.
06/04	SOAH Docket 473-04-4555 PUC Docket 29526	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Stranded costs true-up, including valuation issues, ITC, EDIT, excess mitigation credits, capacity auction true-up revenues, interest.

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Date	Case	Jurisdict.	Party	Utility	Subject
08/04	PUCT Docket No. 29526 SOAH Docket No. 473-04-4555	TX	Houston Council for Health and Education	CemterPoint Energy Houston Electric	Interest on stranded cost.
08/04	SOAH Docket 473-04-4556 PUC Docket 29526 (Suppl Direct)	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Interest on stranded cost pursuant to Texas Supreme Court remand.

EXHIBIT ____ (LK-2)

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NO. U-23029-C

LOUISIANA PUBLIC SERVICE COMMISSION,
EX PARTE.

In re: An investigation into the rates and services of Southwestern Electric Power Company in Louisiana.

(Approving Service Quality Improvement Program)

ORDER NO. U-23327-B

SOUTHWESTERN ELECTRIC POWER COMPANY "SWEPCO", CENTRAL AND SOUTH WEST CORPORATION "CSW" AND AMERICAN ELECTRIC POWER COMPANY, INC. "AEP"

EX PARTE.

In re: The applicants jointly request a letter of non-opposition to a proposed Business Combination and Merger.

(Decided at Business and Executive Session held June 21, 2000)

I. INTRODUCTION

We considered this matter pursuant to the directives issued in our Order No. U-23029-B and U-23327-A (May 11, 2000). In those Orders, we granted final approval to the proposed merger between American Electric power Company ("AEP") and the parent company of Southwestern Electric power Company ("SWEPCO"), Central and Southwest Corporation ("CSW"), (Collectively, the "Applicants"). In connection with that approval, we required the Applicants to agree to certain commitments and directed our Staff and the Applicants to complete negotiation of a comprehensive Mitigation Hold-Harmless provision necessary to protect Louisiana ratepayers from any impacts resulting from FERC-ordered mitigation. Based on the submissions made by the Applicants and the Staff since our May 2000 Order and the commitments made by the Applicants, for the reasons set forth below, we will grant final approval to the merger.

II. PROCEDURAL BACKGROUND

This Docket was opened when the Applicants, on May 15, 1998, made a filing with the Commission seeking approval of their proposed merger. As described in detail in our Order Nos. U-23327, U -23029-B and U-23327-A, the Commission conducted an exhaustive examination of the proposed merger and ultimately approved the combination subject to numerous conditions. These conditions were necessary to satisfy the requirements of our General Order *In Re: Commission Approval Required of Sales, Leases, Mergers, Consolidations, Stock Transfers, and All Other Changes of Ownership or Control of Public Utilities Subject to Commission Jurisdiction* (March 18, 1994), and to ensure that rates would not rise and service quality would not suffer as a result of the merger. In addition, our conditions required that the savings produced by the merger would be flowed through to ratepayers.

At the April 2000 Business and Executive Session, Special Counsel reported to the Commission that the Staff and the Applicants had agreed on a hold-harmless methodology to protect Louisiana ratepayers from FERC-ordered market power mitigation measures. The FERC's approval of the merger was dependant upon the Applicants agreeing to both a permanent divestiture of 300 MW of generation in the Southwest Power Pool ("SPP") and an interim sale of 300 MW of generation, which interim sale is to be effective as of the date the merger is consummated. The Commission's concern is two-fold. Our first concern is that SWEPCO's ratepayers should not be required to bear any increase in power costs as a result of the FERC-ordered market power mitigation measures. Our second concern is that since SWEPCO is already short of capacity, any permanent sale out of SWEPCO generating units would only exacerbate that problem and make it more difficult (and expensive) for SWEPCO to fulfill its native load obligations.

To address these concerns, the Commission Staff and representatives of the Applicants negotiated a mitigation hold harmless clause but the language of that clause was not quite complete at the time of our April, 2000 Business and Executive session. Therefore, pending completion of specific mitigation hold harmless language, we required the Applicants to agree, in writing, to the following omnibus hold harmless commitment.

> American Electric Power Company ("AEP"), Central and Southwest Corporation ("CSW") and Southwestern Electric Power Company ("SWEPCO") agree to hold present and future Louisiana jurisdictional ratepayers harmless from any net cost increases that may be incurred as a result of the implementation of the FERC-approved mitigation plan in connection with the AEP/CSW merger. This hold harmless commitment is intended to be comprehensive and is designed to hold Louisiana ratepayers harmless from any mitigation-related adverse affects, whether direct or indirect. Particularly, SWEPCO and its Louisiana customers shall be held harmless from any adverse consequences resulting from the "interim" system sale of 300 MW of capacity and the divestiture of 300 MW of generation out of the Public Service Company of Oklahoma Northeastern Generating Unit, or any other CSW generating unit. However, under no circumstances shall the permanent generation divestiture be from a SWEPCO generating unit, regardless of the jurisdiction in which the unit is located. In the event of an appeal from a final FERC order that requires additional mitigation (or if AEP/CSW/SWEPCO voluntarily engage in further mitigation), Louisiana ratepayers shall similarly be held harmless from any direct or indirect adverse consequences of such additional mitigation.

Order Nos. U-23029-B and U-23327-A at 7.

Special Counsel was directed to report to the Commission no later than the June, 2000 Business and Executive session with the detailed mitigation hold harmless provision in its completed form.

The Commission also reiterated the importance of the Service Quality Improvement Program originally adopted in Order No. U-23029. For that reason, we ordered that "AEP and SWEPCO are required to abide by both the letter and the spirit of the Service Quality Improvement Program contained in Order No. U-23029." Id.

Finally, in order to ensure compliance with our directives, we requested written confirmation from the Applicants of their agreement to our conditions. We stated:

> AEP and SWEPCO shall submit to the Commission within 10 days from the date of issuance of this Order, written confirmation indicating their acceptance of all of the terms and conditions of this Order (including but not limited to the Hold Harmless provision appearing on p. 7) as well as those conditions contained in Order Nos. U-23029 and U-23327.

Order Nos. U-23029-B and U-23327-A at 9.

III. DISCUSSION

We will grant final approval to the merger. The Commission Staff and the Applicants have successfully confected a Mitigation Hold Harmless Methodology that will ensure that Louisiana ratepayers are not harmed by either the interim sale or permanent divestiture ordered by the FERC. That methodology is contained in the Hold Harmless Commitment attached hereto as Exhibit "A".[1] We adopt that Commitment and specifically make it a part of this Order.

The Applicants have also made an affirmative commitment that any permanent sale of generation to satisfy the FERC-ordered market power mitigation requirement will not be made out of any SWEPCO generating units, regardless of their physical locations . They have also committed to abide by both the letter and the spirit of the Service Quality Improvement Program set forth in Order No. U-23029. All of these commitments were confirmed by the Applicants by letter dated May 23, 2000 from counsel for SWEPCO to the Commission Secretary. The relevant language from that letter is as follows:

> The Louisiana public Service Commission considered the final approval of the proposed merger between Central and South West Corporation and American Electric power Company, Inc. and final approval was granted at the Open Session held on April 19, 2000. A final order was issued by the Honorable Commission and the final order required that AEP and SWEPCO submit to this Commission written confirmation indicating their respective acceptance of all the terms and conditions of the Order, including but not limited to the hold harmless provisions appearing on page 7 of the order as well as any conditions contained in Orders U-23029 addressing the Service Quality Improvement Program and U-23327.
>
> I have been authorized, on behalf of SEP, CSW and SWEPCO to write this letter confirming their acceptance of all the terms and conditions set forth in this order, including the hold harmless provisions as well as the terms and conditions contained in Orders No. U-23029 and U-23327.
>
> May 23, 2000 letter from Bobby Gilliam to Lawrence St. Blanc

IV. CONCLUSION

For all of the reasons set forth above, on motion of Commissioner Owen, seconded by Commissioner Sittig, and unanimously adopted,

IT IS ORDERED THAT:

(1) The Commission grants final approval to the merger between American Electric Power Company, Inc. and Central and Southwest Corporation and adopts the Hold Harmless Commitment attached hereto as Exhibit A;

(2) AEP and SWEPCO are required to abide by both the letter and the spirit of the Service Quality Improvement Program contained in Order No. U-23029;

(3) AEP and SWEPCO shall abide by all of the terms and requirements contained in Order Nos. U-23029 and U-23327; U-23029-B and U-23327-A; as well as this Order; and

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1 It should be noted that the Staff negotiated this Commitment jointly with the Arkansas Public Service Commission which has also adopted it.

(4) The parties shall take all other action required by this Order.

This Order will be effective upon its issuance.

BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
August 15, 2000

/S/ IRMA MUSE DIXON
DISTRICT III
CHAIRMAN IRMA MUSE DIXON

/S/ JAMES M. FIELD
DISTRICT II
VICE CHAIRMAN JAMES M. FIELD

/S/ DON OWEN
DISTRICT V
COMMISSIONER DON OWEN

/S/ C. DALE SITTIG
DISTRICT IV
COMMISSIONER C. DALE SITTIG

/S/ JACK "JAY" A. BLOSSMAN
DISTRICT I
COMMISSIONER JACK "JAY" A. BLOSSMAN

SECRETARY
LAWRENCE C. ST. BLANC

EXHIBIT-A

HOLD HARMLESS COMMITMENT
CSW/AEP MERGER

BACKGROUND

In Opinion No. 442, the Federal Energy Regulatory Commission ("FERC") approved the proposed merger between American Electric Power Company ("AEP") and Central and Southwest Corporation ("CSW") (collectively "Applicants") subject to conditions that the FERC deemed necessary to mitigate horizontal market power concerns. Specifically, Applicants will be required to permanently divest 300 MW of capacity from CSW's Southwest Power Pool ("SPP") resources (either from Public Service Company of Oklahoma ("PSO") or Southwestern Electric Power Company ("SWEPCO")) no later than July 1, 2002. The divestiture will not include SWEPCO generation assets, whether located in Arkansas, Louisiana or Texas. In addition, between the time the merger is consummated and July 1, 2002, a 300 MW per hour system sale out of Applicants' SPP resources will be required. With minor changes this asset sale and the interim sale were voluntarily offered by the Applicants in order to obtain merger approval. AEP and CSW have made filings with the FERC agreeing to the mitigation measures required by Opinion No. 442.

The Applicants were required, in connection with the proposed merger, to secure the approval of both the Arkansas Public Service Commission ("Arkansas Commission") and the Louisiana Public Service Commission ("Louisiana Commission") (collectively "State Commissions"). The State Commissions approved the proposed merger subject to the Applicants proposing, and the Arkansas and Louisiana Commissions approving, appropriate "hold harmless" provisions to ensure that the FERC-ordered mitigation, or mitigation otherwise offered by the Applicants, does not adversely impact Arkansas and Louisiana retail ratepayers of SWEPCO. In the State Commission merger approval proceedings, the Applicants, as well as SWEPCO, agreed to hold SWEPCO ratepayers harmless from any adverse consequences from implementing merger-related mitigation conditions.

The source of the interim 300 MW mitigation system sale will be from both SWEPCO and PSO generation resources. When Applicants undertake this sale using SWEPCO/PSO generation, due to native load obligations, the power must be replaced. At certain hours, the cost of the replacement power may exceed the energy revenue from the sale, which would increase energy costs to Arkansas and Louisiana customers through the fuel clause. This higher cost replacement energy could come either from Applicants' own generation and/or purchased power. The Hold Harmless procedure is specifically intended to prevent Arkansas/Louisiana retail ratepayers from incurring any such increased costs through the fuel clause on a dollar-for-dollar basis.

In addition to the impacts of the 300 MW interim sale, the divestiture asset sale may also cause Louisiana and Arkansas ratepayers to pay more for their power and energy than if the divestiture had not occurred. Particularly, if meaningful competition is not achieved in Oklahoma by 07/01/2002, Louisiana and Arkansas ratepayers may be harmed by the divestiture. In that event, the Applicants commit to submit to the State Commissions, for their approval, a "hold harmless" plan that would protect SWEPCO's Louisiana and Arkansas ratepayers from paying higher rates through the operation of the fuel clause than they would have paid absent that divestiture. The Applicants have committed to make this submission, if necessary, by January 1, 2002, or if not possible by that date, at the earliest date prior to 07/01/2002 that such filing is practicable.

MITIGATION SALE HOLD HARMLESS METHODOLOGY

The following describes the methodology proposed by the Applicants to account for the margins from the Market Mitigation Sale in order to meet the Hold Harmless provisions of the agreements between the Applicants and the Arkansas, Louisiana and Oklahoma Commissions.

Applicants will do an "after the fact" calculation, using the actual hourly data, to reconstruct the dispatch and determine margins from the mitigation sale. This calculation will be referred to as the Regulatory Mitigation Reconstruction (RMR). The RMR will not alter the methodology currently used by CSW under the CSW Operating Agreement to account for transactions by and between the CSW Operating Companies. The RMR will be used to determine if the mitigation sale resulted in negative margins, which should not be included in the retail customer eligible fuel and provide the mechanism by which the Applicants will ensure that retail customers are held harmless from this sale. The RMR will calculate the margins on a monthly basis, and any margins above credits to eligible fuel will be calculated and deferred monthly and refunded annually such that customers are protected from any negative margins on an annual basis.

The allocation of margins from the mitigation sales transactions would be allocated among PSO and SWEPCO on an hourly basis based upon the levels of generation from each Company which, through the reconstruction process, are determined to have provided the energy utilized for the mitigation sales. The use of the "participation energy" allocator for mitigation sales margins is consistent with the procedures for allocation of off-system sales margins which are contained within the CSW Operating Agreement.

The RMR will reconstruct the dispatch on a hourly basis using the available installed generation capacity owned by the CSW Operating Companies (both off-line and on-line) plus the firm annual purchases included in CSW's CDR. Generation which is not available for unit commitment due to maintenance, forced outages or other considerations will not be included in the hourly reconstruction process. Short-term purchases required or incurred to meet native load obligations when adequate CSW-owned generation is not available will be used as dispatchable resources at the price incurred in that hour. (Firm annual purchases will be modeled as a reduction in load. Because the purchase expense and the MW amount are held constant in both production cost cases, the model ignores the purchase price for the firm annual purchases.) The generation resources will be economically dispatched to serve the actual hourly load included in the CSW Internal Economy dispatch level of the CSW Interchange Cost Reconstruction (ICR). The program will determine the cost of production for the level of dispatch referred as the Own Load Production Cost. The Mitigation Sale (scheduled in that hour) will then be added to the load and the dispatch performed again. The resulting production costs are referred to as the Total Production Cost. The difference between Total Production Cost and the Own Load Production Cost is the Mitigation Production Cost.

The energy revenues from the sale ($14/MWh) minus Mitigation Production Cost and the costs of hedges to manage fuel cost risks and any expenses due to the buyback provisions of the sale equals the Mitigation Margin. If the Mitigation Margin is positive then the margin will be treated in the same manner as any other off-system sales margin. The revenues received from the mitigation sale auction are referred to as the Mitigation Reservation Margin. These margins will be used to offset any negative Mitigation Margin calculated above. The Mitigation Margins will be deferred on a monthly basis and all gains and losses will be accumulated annually and flowed through 30 days after the end of a calendar year. Alternatively, if the Mitigation Margin is positive, the Mitigation Reservation Margin will be treated in the same manner as any other off-system sales margin. When the Mitigation Margin is negative for the month, then the Mitigation Reservation Margin (calculated on an monthly basis) will be credited in an amount necessary to make the Mitigation Margin zero. If the Mitigation Margin is still negative, after giving full credit for the Mitigation Reservation Margin, this amount determines the monthly Hold Harmless credit applied to eligible fuel. The positive or negative monthly Mitigation margin will be accrued monthly and the Hold Harmless credits in a month may be reversed if Mitigation Reservation Margin is available in a succeeding month.

The expenses and revenues associated with the Mitigation Margin will be allocated to the CSW Operating Companies based on the relative participation of their units in the sale as determined in RMR.

The following is the RMR algorithm:

Own Load – the sum of the CSW Operating Companies native load plus firm purchase and sale obligations.

Own Load Production Cost (OLPC) - The cost of production to serve CSW Own Load requirement plus daily regulating and operating reserves. This is the Internal Economy dispatch level of ICR.

Total Production Cost (TPC) – The cost of production to serve CSW Own Load requirements plus daily regulating and operating reserves plus the Mitigation Sale.

Mitigation Energy Sales Revenue (MESR) – The revenue associated with the Mitigation Energy at $14/MWh.

Mitigation Production Cost (MPC) – the cost or producing energy to supply the Mitigation Sale.

Mitigation Margin (MM) – Margin resulting from the mitigation sale.

Mitigation Reservation Margin (MRM) – The annual revenue from the reservation fees determined in the mitigation auction. The annual revenue is divided by 12 to determine a monthly MRM.

Energy Recall Expense (ERE) – The payments made to the Mitigation Sale purchasers when CSW recalls the energy in order to serve firm native load. These payments will be calculated on an hourly basis.

MPC = TPC – OLPC
MM = MESR – MPC – ERE
If MM is negative, an amount of MRM will be added in an amount to make MM positive.
If MM is still negative, MM equals the Hold Harmless Credit

Following are two examples: one representing a Summer load case and the other representing a Spring/Fall load case. In each example, it is assumed that the MRM value - $10,512,000/12 = $876,000

Summer Load Case

Operating Company	Load	Generation	Production Cost	$/MWh
CPL	3500 MW	3709 MW	$57,455.55	15.49
PSO	3000 MW	2998 MW	$48,015.25	16.02
SWEPCO	3500 MW	3432 MW	$43,621.21	12.71
WTU	3500 MW	861 MW	$20,018.25	23.25
CSW	11000 MW	11000 MW	$169,110.26	15.37

Own Load Production Cost = $169,110.26

Add 300 MW Mitigation Sale:

CPL	3500 MW	3709 MW	$57,455.55	15.49
PSO	3000 MW	3098 MW	$49,905.25	16.11
SWEPCO	3500 MW	3632 MW	$47,361.21	13.03
WTU	1000 MW	861 MW	$20,018.25	23.25
CSW	11000 MW	11300 MW	$174,740.26	15.46

Total Production Cost = $174,740.26
MPC = TPC – OLPC $174,740.26 – 169,110.26 = $5,630.00
Mitigation Production Cost = $5,630.00 $5630/300 MWh = $18.77/MWh
MM = MESR – MPC – ERE *MM = $4,200.00 - $5,630.00 - 0*
MM = $1430.00 If MM is negative for the month, MRM is added as needed.
Assuming MM is the same for every hour of the month (30 days x 24 hours), MM would equal 720 x $1430 = -$1,029,600.
MRM = $876,000
MM = -$1,029,600 + $876,000 =$153,600 The whole monthly amount of MRM was applied.
The monthly Hold Harmless Credit = $153,600

Spring/Fall Load Case

Operating Company	Load	Generation	Production Cost	$/MWh
CPL	3000 MW	3100 MW	$45,767.23	14.76
PSO	2300 MW	2250 MW	$32,358.25	14.38
SWEPCO	2750 MW	2800 MW	$40,010.00	14.29
WTU	845 MW	745 MW	$11,735.45	15.75
CSW	8895 MW	8895 MW	$129,870.93	14.60

Own Load Production Cost = $129,870.93

Add 300 MW mitigation sale:

CPL	3000 MW	3100 MW	$45,767.23	14.76
PSO	2300 MW	2375 MW	$34,203.23	14.40
SWEPCO	2750 MW	2975 MW	$42,582.50	14.31
WTU	845 MW	745 MW	$11,735.45	15.75
CSW	8895 MW	9195 MW	$134,288.43	14.60

Total Production Cost = $134,288.43
MPC = TPC – OLPC $134,288.43 – 129,870.93= $4,417.50
Mitigation Production Cost = $4,417.50 $4,417.50/300 MWh = $14.73/MWh
MM = MESR – MPC – ERE *$4,200.00 - $4,417.50- 0 = $217.50*
MM = $217.50 If MM is negative for the month, MRM is added as needed.
Assuming MM is the same for every hour of the month (30 days x 24 hours), MM would equal 720 x $217.5 = -$156,600.
MRM = $876,000
$156,600 of MRM is credited to MM
MM = -0.00 The remaining $719,400 of MRM is treated as normal off-system sales margin.
The monthly Hold Harmless Credit = $50.00

ASSET SALE DIVESTITURE HOLD HARMLESS

If, as of January 1, 2002, or any time thereafter, the State of Oklahoma delays its mandated July 1, 2002 start date for retail competition, SWEPCO commits to develop and propose to the State Commissions "hold harmless" provisions to protect SWEPCO ratepayers from any adverse impacts which could arise from the divestiture of PSO generation capacity as required to meet the obligations of the FERC order or any other merger-related divestiture made by the Applicants. Such "hold harmless" provisions shall be submitted to State Commissions for their approval no later than January 1, 2002 or at the earliest possible date after the Applicants are made aware that retail competition will not be implemented in Oklahoma at July 1, 2002. The intent of the "hold harmless" provisions that would be submitted for State Commission approval would be to provide protections from adverse impacts from changes in PSO-SWEPCO interactions due to the mandated divestiture or any other merger-related divestiture made by the Applicants, which are comparable to the protections from the mitigation sale contained in this methodology.

TRANSMISSION HOLD HARMLESS

In connection with the merger approval process at the FERC, and to mitigate concerns raised by the merger, the Applicants agreed to several concessions regarding their transmission rights. Specifically, Applicants commit to: (1) limit their ability to contract for firm transmission capacity from AEP East to AEP West to 250 MW, unless authorized to contract for more by the FERC; (2) schedule available capacity between ERCOT and SPP on the HVDC ties on a first-in-time basis; (3) waive their native load priority into the CSW-SPP control area for nonfirm imports; and (4) waive their native load priority for transfers of energy from AEP West to AEP East for a four-year period following consummation of the merger. The Applicants have represented to the State Commissions that these transmission concessions do not represent a material change in operation, will cause no harm to Arkansas and Louisiana ratepayers, and therefore no transmission hold harmless provision is required. The State Commissions have accepted Applicants' representations in this regard as factually accurate.

AFFIDAVIT

STATE OF GEORGIA)

COUNTY OF FULTON)

LANE KOLLEN, being duly sworn, deposes and states: that the attached are his sworn Testimony and Exhibits and that the statements contained are true and correct to the best of his knowledge, information and belief.

Lane Kollen

Lane Kollen

Sworn to and subscribed before me on this 29th day of September 2004.

Barbara J. Trojanowski

Barbara J. Trojanowski
Notary Public
Cobb County
State of Georgia
My comm. expires 01/26/05